



# Chapter2

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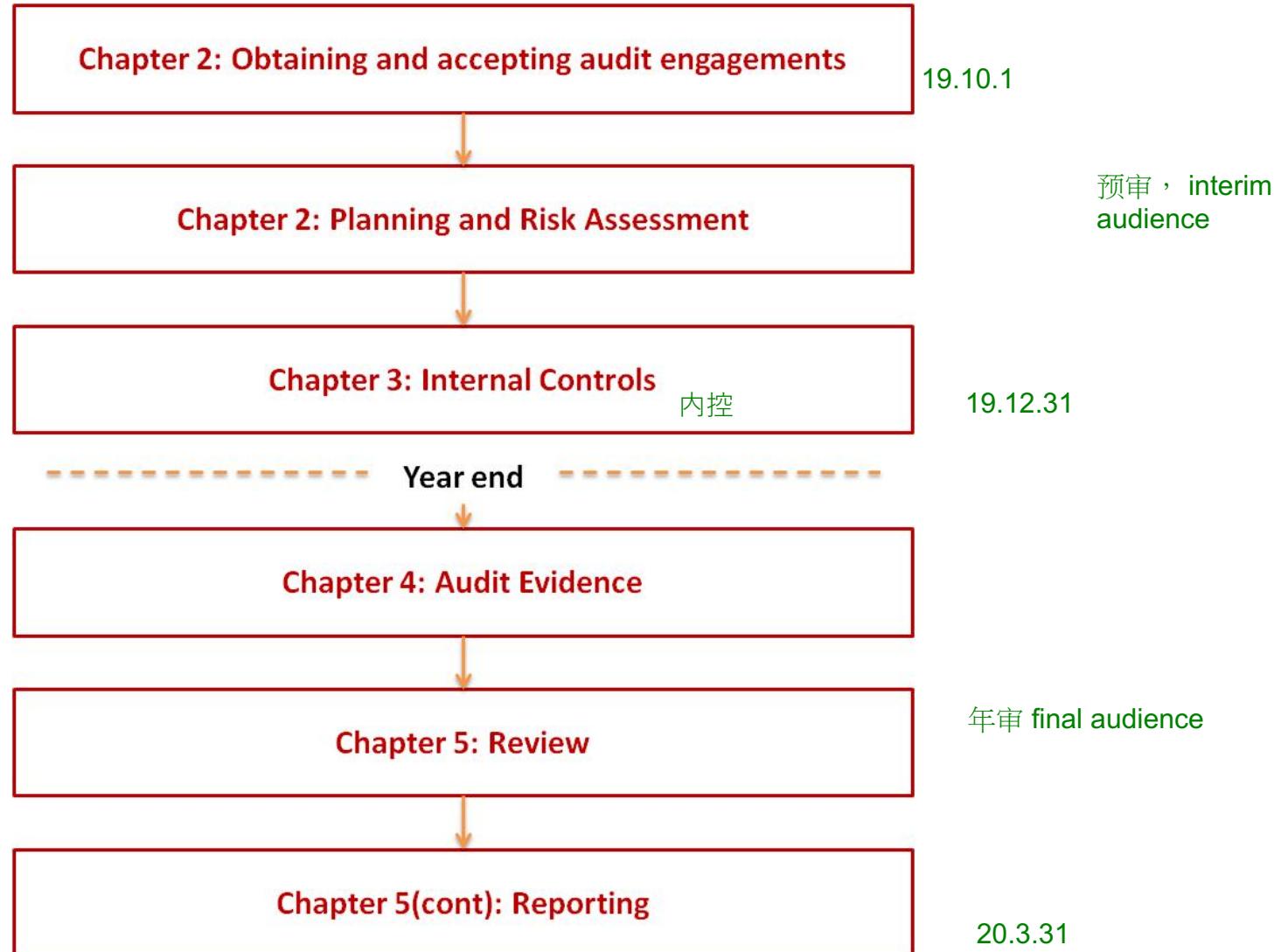
## Planning and risk assessment

CREATING GREAT OUTCOMES

through professional qualification training  
and study abroad services and preparation

# Chapter Contents

1. Overview diagram
2. Obtaining and accepting audit engagements
3. Objective and general principles of audit planning
4. Planning an audit
5. Understanding the entity and its environment
6. Assessing the risks of material misstatements  
评估重大错报风险
7. Materiality, fraud, laws and regulations
8. Analytical procedures
9. Interim and final audits
10. Audit documentation



## 2.1 Requirements of **professional ethics** in relation to the acceptance /continuance of audit engagements

- ISA 210 *Agreeing the Terms of Audit Engagements*
  
- Processes the auditor should perform:
  - (i) Whether the “preconditions” are present      审计的前提条件
  - (ii) Agreement of audit terms in an engagement letter
  - (iii) Recurring audits      连续审计      业务约定书中的审计条款
  - (iv) Changes in engagement terms      业务条款的变更

# Acceptance

接受项目，第一章考虑独立性



## Obtaining engagements

- *Direct client request* 客户直接邀请 shareholder 直接联系
- *Advertising* 打广告，不可以讲不符合道德要求的：审计报告比别人出的更快，与同行比，我们的审计费低20%。可以讲我们员工各地分布
- *Tendering: several audit firms to bid for the client*  
招标投标

## Issues to consider

- *Preconditions for an audit* • *Independence and objectivity*
- *Management integrity* • *Professional competence*
- *Money laundering (client due diligence)* • *Resources*
- *Risks* • *Fees*
- *Reputation of the client*

## 2.2 Preconditions for an audit

在道德基础上考虑前提条件



01

### *Financial reporting framework is acceptable*

财务报表的编制方法是可接受的。在权责发生制基础上编制的可以。如果有企业采用收付实现制，企业不会有应收账款/应付账款，对财务报表影响巨大，就是不可接受的

02

### *Management acknowledges and understands its responsibilities for the following:*

管理层承认并且理解他的责任

- ***preparing FS in accordance with the acceptable financial reporting framework*** 承认报表的编制是管理层的责任，不能把责任推给会计
- ***internal control necessary for the preparation of FS to be free from material misstatement*** 采取使得报表免于重大错报的内控
- ***providing auditor with access to information for the audit and access to staff to obtain evidence***

承认并且理解各种信息和让审计师接触足够的人

# Preconditions for an audit



## Preconditions not present

*If the preconditions for an audit are not present, the auditor should discuss the matter with management, and should not accept the engagement unless required to do so by law or regulation.*

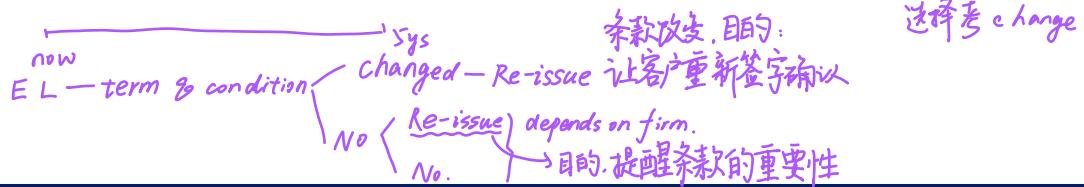
## 2.3 Engagement letter

### Purpose

业务约定书

只对财务报表发表意见

- *Define clearly the extent of the **auditor's responsibilities** and so minimize the possibility of any **misunderstandings** between the client and the auditors;*      清晰定义审计师责任，尽可能减少客户对审计师的误解
- *Provide **written confirmation** of the auditors' acceptance of the appointment,*      书面确定开始
- *Set out the **terms and conditions** of the engagement*      在业务中约定条款和条件



# Engagement letter

- *The letter will be sent before the audit commences*  
在审计开始之前给到客户
- *It should be reviewed every year to ensure that it is up to date but does not need to be reissued every year unless there are changes to the terms of the engagement. The auditor must issue a new engagement letter if the scope or context of the assignment **changes** after initial appointment.*
- *ISA 210 requires the auditor to consider whether there is a need to remind the entity of the existing terms of the audit engagement for recurring audits and many firms choose to send a new letter every year, to emphasize its importance to clients.*

1. Ownership 所有权发生变化, 签:
2. scope 现在签的是从现在到之后业务,  
如果让审计之前业务, 也要重新签发;
3. Audit review 改变审计/审阅业务, 业务变更了,  
需要重新签发

# Engagement letter

objective: 获得充分并必要的审计证据，出示审计报告； scope: 审计范围，审计什么表

- The **objective and scope** of the audit of financial statements
- **Management's responsibility** for the financial statements and for maintaining effective internal control
- **Auditor's responsibilities**
- Provision of **access to whatever records**, documentation and other information requested in connection with the audit.
- Arrangements for **planning the audit** 管理层声明书
- Agreement of management to provide a **letter of representation**
- Description of **any other letters or reports** the auditor expects to issue to the client any other 指management letter/ fee letter 等
- Basis on which **fees** are computed and any billing arrangements

收费的计算方法及计算安排 账单安排

## Formal

F: Fees

O: Objective and scope

R: Report (Form +  
context)

M: Management +  
Auditor's  
responsibility

A: Applicable

L: Limit liability

## Engagement letter

# Practice

*June 2015*

Is the following statement true or false?

A significant change in the ownership of an existing audit client is a factor which makes it appropriate for the auditor to review the terms of engagement.

- A True
- B False

(1 mark)

***Right: A***

# Practice

Dec 2015 Q2

ISA 210 *Agreeing the Terms of Audit Engagements* requires auditors to agree the terms of an engagement with those charged with governance and formalise these in an engagement letter.

**Required:**

- (a) Identify and explain TWO factors which would indicate that an engagement letter for an existing audit client should be revised. (2 marks)
- (b) List SIX matters which should be included within an audit engagement letter. (3 marks)

# Homework

## Question bank

- (1) Salt&Pepper Co (P5)
- (2) Currant&Co (P7)
- (3) Sycamore Co(P9)

## 2.4 Quality control

事务所的质量控制

*The firm has an obligation to establish a system of quality control to ensure the firm complies with professional standards and reports issued are appropriate in the circumstances.*

保证事务所的工作是符合准则的 ISA

ISA 220  
Quality Control

## 2.4 Quality control procedures



ISA 220 *Quality control for an audit of financial statements*

- Audit engagement partners should ensure that audit work is planned, directed, supervised and reviewed in a manner that provides reasonable assurance that the work has been performed in a competent manner.

项目负责合伙人需要：计划 指导 监督 复核

## 2.4 Quality control

### Leadership

*Engagement partner* takes overall responsibility for the overall quality

项目符合道德要求

Compliance with ethical requirements

Appropriate acceptance and continuance procedures have been performed

针对连续审计，隐含条件是 去年做了项目，今年还要再考虑道德要求

Appropriate competence and capabilities

相关胜任能力

Sufficient and appropriate evidences have been obtained

ISA 220  
Quality Control

## 2.4 Quality control procedures



### Direction

- The engagement team should be directed by the engagement partner. 项目团队须有合伙人带领
- Engagement planning meeting should be undertaken: 小组计划会议，开会目的
  - Their responsibilities 项目团队每一个人的责任
  - The objectives of the work they are to perform 工作的目的
  - The nature of the client's business and any significant issues for the year 客户的性质和当年重大事项  
通过了解客户了解报表的确认
  - How to deal with any problems that may arise
  - The detailed approach to the performance of the audit

## 2.4 Quality control procedures



### Supervision 督导

- Supervision should **be continuous** during the engagement.  
    督导在审计工作中是连续的
- **To ensure** members are carrying out their work **in accordance with the plan**
- **Significant matters** should be brought into attention  
    重大事项需提起注意
- **Documentation** should be made of **key decisions** made during the audit engagement.  
    做记录

## 2.4 Quality control procedures



### Review ~~☆☆☆~~

- All audit work should be reviewed by a more senior audit staff member.

所有的审计工作都应该由比他级别更高的人来负责

- The engagement partner should carry out an overall review of the working papers.
- Hot review must be finished *before* the audit report.  
Hot review: 保证这一份审计报告的quality
- The firm should evaluate its system of quality control, including a periodic inspection of a selection of completed engagements. (cold review)

cold review项目完成给完审计报告还要复核，是需要评价整个事务所的质量控制